



LEGISLATIVE FISCAL OFFICE
Streamlining Commission Analysis

Recommendation No. **RECOMMENDATION 46**
Streamlining Draft **AGITI 4**

Date: December 21, 2009 10:00 AM	Author:
Dept./Agy.:	Analyst: Evan Brasseaux
Subject:	

Consolidate the state’s data processing assets to move to a centralized data environment

Consolidate the state’s data processing assets to move to a centralized data environment

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed Streamlining Commission recommendation will result in a reduction of state IT expenditures phased in over a three year period in the amount of \$10.8 million in FY 11, \$21.7 million in FY 12 and \$32.6 million in FY 13. These estimated savings are based upon IT expenditure data which is self-reported by state agencies (has not been verified by the DOA). The DOA has calculated potential savings on total IT expenditures for the current fiscal year of \$359 million for all state agencies excluding higher education. Total IT expenditures for all state agencies including higher education is \$501 million based on this self-reported data. The DOA will attempt to establish an enterprise approach to the planning, operation, and maintenance of data centers as shared resources across state agencies. This approach will allow the DOA to consolidate both personnel and equipment across agencies. The savings reflected above do not include the potential start-up and staffing costs that may be required in the DOA as a result of consolidation. The DOA notes that these costs have yet to be determined.

The DOA anticipates that by consolidating IT infrastructure and staff, the resulting large pool of resources and commonality of platform and services will allow 7% of IT personnel be eliminated across state agencies. Approximately \$98 million is currently spent on 1,288 IT FTEs (excluding higher education). Personnel is estimated to be reduced by 91 over the three year phase-in of this reduction at a savings of \$6.8 million in FY 13.

The resulting pool of staff should provide a greater depth of coverage and will develop broad knowledge which should also allow professional service contracts to be reduced by approximately \$14 million, based on DOA estimates. Total professional service and contract services for the current fiscal year total \$123 million.

The DOA also estimates that hardware expenditures may be reduced by 15% as agencies increase efforts to consolidate hardware. Current acquisitions for FY 10 total \$19 million and the resulting decrease over three years would be \$2.8 million.

Continued on page 2

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	H. Gordon Monk Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one: Page 2 of 2

Expenditures continued:

Finally, by moving to enterprise standards and platforms, the state will be able to leverage its buying power thereby reducing the cost of common software licenses. Software maintenance should also be reduced by approximately 12% or \$4 million over the three year period. Additional savings are estimated in the amount of \$5 million and includes savings in supplies, hardware maintenance, hardware leasing, rentals or financing.

NOTE: The DOA notes that Higher Education was excluded from this projection due to Higher Education being considered by separately from the Streamlining Commission by the Postsecondary Education Review Commission.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<u>H. Gordon Monk</u>
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	H. Gordon Monk
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	Legislative Fiscal Officer